
HOUSE RESOLUTION

REQUESTING THE DEPARTMENT OF TAXATION TO ANNUALLY PUBLISH A TAX
EXPENDITURE REPORT.

1 WHEREAS, states spend tens, maybe hundreds, of billions of
2 dollars through tax expenditures each year; and

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4 WHEREAS, tax expenditures are tax credits, deductions, and
5 exemptions that reduce state revenue and include poverty-
6 reducing tax credits, middle class benefits, and corporate
7 subsidies; and

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9 WHEREAS, tax expenditures cost state treasuries money in
10 much the same way as direct spending for schools, health care,
11 or road construction; and

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13 WHEREAS, like direct spending, tax expenditures are a tool
14 states can use to accomplish policy goals; and

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16 WHEREAS, a key difference between direct spending and tax
17 expenditures is that states typically require extensive
18 documentation of how much direct spending they do each year and
19 by contrast, tax expenditures usually receive far less scrutiny;
20 and

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22 WHEREAS, policy makers do not regularly examine tax
23 expenditures, nor do states document their effectiveness the
24 same way they do for on-budget expenditures; and

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26 WHEREAS, most tax expenditures are written into the tax
27 code and thus will continue indefinitely, regardless of how
28 costly they may become over time, unless the Legislature acts to
29 discontinue them; and



1 WHEREAS, without information on a particular tax
2 expenditure's costs and benefits, Hawaii's lawmakers cannot make
3 an informed decision on whether its continuation is in the
4 State's interest; now, therefore,

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6 BE IT RESOLVED by the House of Representatives of the
7 Twenty-eighth Legislature of the State of Hawaii, Regular
8 Session of 2015, that the State Department of Taxation is
9 requested to annually publish a tax expenditure report; and

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11 BE IT FURTHER RESOLVED that the tax expenditure report
12 include the following:

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14 (1) A description of the tax expenditure;
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16 (2) The relevant legal citation and year of enactment;
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18 (3) The purpose of the tax expenditure;
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20 (4) The cost of the tax expenditure, using current data;
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22 (5) The cost of the tax expenditure in future years, to
23 allow comparison with other proposed expenditures;
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25 (6) Details on the taxpayers who benefit from the tax
26 expenditure;
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28 (7) The extent to which the purpose of the tax expenditure
29 has been accomplished;
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31 (8) The distribution of benefits of the tax expenditure by
32 income level and size of business;
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34 (9) The impact of tax expenditures that can be deferred or
35 transferred; and
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37 (10) Separate reporting for state and local revenue losses,
38 where applicable; and
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40 BE IT FURTHER RESOLVED that the State Department of
41 Taxation may consider modeling Oregon, Minnesota, the District



1 of Columbia, and other jurisdictions that publish relatively
2 comprehensive and informative tax expenditure reports; and
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4 BE IT FURTHER RESOLVED that the Department of Taxation is
5 requested to annually publish its tax expenditure report no
6 later than twenty days prior to the convening of each regular
7 session; and
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9 BE IT FURTHER RESOLVED that certified copies of this
10 Resolution be transmitted to the Director of Taxation.
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OFFERED BY:



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